

Message Text

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ACTION AF-10

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 NSAE-00
NSCE-00 SSO-00 ICAE-00 INRE-00 PM-05 H-01 INR-10
L-03 PA-01 SP-02 SS-15 AID-05 EB-08 AGRE-00
TRSE-00 OMB-01 IO-13 XMB-02 FRB-03 DOE-15 SOE-02
DOEE-00 COME-00 OPIC-03 /112 W
-----089272 111600Z /40

O R 111416Z JUL 78
FM AMEMBASSY ACCRA
TO SECSTATE WASHDC IMMEDIATE 4490
INFO AMEMBASSY LONDON

C O N F I D E N T I A L SECTION 1 OF 2 ACCRA 5555

LONDON FOR SEITZ

EO 11652: GDS
TAGS: EAID, GH, US
SUBJ: NEW REGIME REQUESTS FOOD ASSISTANCE

1. SUMMARY: HEAD OF STATE AKUFFO HAS REQUESTED
IMMEDIATE FOOD ASSISTANCE TO BOLSTER GHANAIAN
ECONOMY. ALSO HOPES FOR USG FINANCIAL ASSISTANCE
PRIOR TO ANTICIPATED IMF HELP.

2. I MET THIS MORNING WITH CHIEF OF STATE AKUFFO AT
10 O'CLOCK IN HIS BURMA CAMP OFFICE AT HIS REQUEST.
ALSO PRESENT WERE MAJOR GENERAL R.E.A. KOTEI, CHIEF
OF DEFENSE STAFF; DR. J.L.S. ABBEY, COMMISSIONER
FOR ECONOMIC PLANNING; AND JAMES AGGREY-ORLEANS,
CHIEF OF PROTOCOL.

3. GENERAL AKUFFO LED OUT BY STATING HE HAD SUMMONED
ME AS A FOLLOW-UP TO OUR MEETING OF JULY 6 (ACCRA 5425).
AS HE HAD STATED THE, HE AND HIS COLLEAGUES OF THE
SMC HAD MADE A CHOICE: ALTHOUGH GHANA TECHNICALLY
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WOULD REMAIN NEUTRAL IN FOREIGN AFFAIRS, IT WOULD IN
FACT DEFINITELY LEAN TOWARD THE WESTERN WORLD. IT
WANTED NO PART OF COMMUNISM, WHICH WAS ANATHEMA TO
THE GHANAIAI PEOPLE. HAVING MADE ITS CHOICE, THE NEW
GOVERNMENT NOW WAS DEPENDING ON ITS FRIENDS TO BE
HELPFUL.

4. HE HAD ASKED ME TO COME IN TODAY TO REQUEST THAT THE USG URGENTLY CONSIDER FOOD AID FOR GHANA. HE WAS AWARE THAT THE PREVIOUS GOG REQUEST FOR FOOD ASSISTANCE HAD BEEN REFUSED. NEVERTHELESS HE NOW WISHED TO REINSTATE A FORMAL REQUEST FOR SUCH ASSISTANCE. THIS TIME, HOWEVER, THE FOOD WOULD BE FUNNELED INTO GHANA'S GENERAL FOOD SUPPLY RATHER THAN BEING EARMARKED FOR SPECIFIC AREAS. GHANA, HE SAID, HAD COMMITTED \$100 MILLION TO FOOD IMPORTS. THAT, PLUS THE VERY HIGH PRICE FOR OIL, WAS MORE THAN THE ECONOMY COULD STAND. AS PART OF THE ECONOMIC REFORMS WHICH HE AND HIS COLLEAGUES WERE UNDERTAKING, THEY WERE OBLIGED TO LOOK AHEAD AND ENSURE AN ADEQUATE SUPPLY OF FOOD FOR THE POPULATION. THIS IS ONE REASON FOR HIS APPROACH TO THE USG. IN ADDITION, THE NEW REGIME WOULD DEEPLY APPRECIATE A PUBLIC INDICATION OF SUPPORT WHICH GRANTING FOOD BY THE USG AS THIS TIME WOULD AFFORD.

5. THE GOG ALSO HOPED THAT THE U.S. WOULD CONSIDER THE POSSIBILITY OF GENERAL FINANCIAL ASSISTANCE. HE ALSO WANTED ME TO KNOW THAT THE GOG WELCOMED PRIVATE U.S. INVESTMENT AND HOPED THAT THE USG WOULD ENCOURAGE ANY POTENTIAL INVESTORS TO COME TO GHANA. IN CONCLUSION, HE REQUESTED ME TO MEET WITH DR. ABBEY LATER TODAY TO DISCUSS THE SPECIFICS ON HIS FOOD
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REQUEST.

6. I REPLIED THAT OF COURSE AID DIRECTOR COKER AND I WOULD BE PLEASED TO MEET WITH DR. ABBEY. ON THE GENERAL QUESTION OF ECONOMIC ASSISTANCE, THE U.S. WOULD OF COURSE WISH TO BE HELPFUL BUT AS THE AMBASSADOR AND ECONOMIC COUNSELLOR HAD POINTED OUT IN THE PAST TO A NUMBER OF GHANAIAAN OFFICIALS, SUCH AID WOULD BE IN CONCERT WITH ECONOMIC REFORMS AND A STABILIZATION PROGRAM AGREED WITH THE IMF. TO GRANT EXCEPTIONAL AID PRIOR TO SUCH AN AGREED PROGRAM WOULD BE DIFFICULT. WITH REGARD TO PRIVATE U.S. INVESTMENT, NEITHER THE EMBASSY NOR THE USG HAD EVER PLACED ANY BARRIERS TO SUCH INVSTMENT. NEVERHTELESS, POTENTIAL INVESTORS NATURALLY CONSULTED THOSE ALREADY HERE AND THE REMITTANCES PROBLEM HAD QUITE OBVIOUSLY SCARED THEM OFF. UNTIL THIS PROBLEM WAS SOLVED IT SEEMED TO ME UNLIKELY PRIVATE AMERICAN INVESTORS WOULD BE ENCOURAGED TO COME HERE.

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TRSE-00 OMB-01 IO-13 XMB-02 FRB-03 DOE-15 SOE-02
DOEE-00 COME-00 OPIC-03 /112 W
-----089362 111552Z /40

O R 111416Z JUL 78
FM AMEMBASSY ACCRA
TO SECSTATE WASHDC IMMEDIATE 4491
INFO AMEMBASSY LONDON

C O N F I D E N T I A L SECTION 2 OF 2 ACCRA 5555

LONDON FOR SEITZ

7. IT WAS MY BELIEF THAT WASHINGTON WOULD BE
ENCOURAGED BY THE STRONG EMPHASIS PLACED ON ECONOMIC
REFORM BY THE CHAIRMAN IN HIS POLICY SPEECH LAST
EVENING. IT WOULD UNDOUBTEDLY EAGERLY AWAIT MOVES
TOWARD ITS IMPLEMENTATION. I WAS OF COURSE
TRANSMITTING A REPORT ON THE SPEECH BY CABLE TO WASHINGTON
AND WOULD ALSO REPORT THIS CONVERSATION AT ONCE.

8. DR. ABBEY ACKNOWLEDGED THE U.S. POSITION ON THE
NECESSITY OF IMF INVOLVEMENT. HE STATED THAT AN IMF
TEAM WAS COMING TO GHANA IN EARLY AUGUST. ALTHOUGH
IT HAD ORIGINALLY BEEN FOR THE PURPOSE OF ROUTINE
CONSULTATIONS, GHANA HAD NOW ADVISED THE IMF THAT
IT WOULD BE SUBMITTING AN APPLICATION FOR ASSISTANCE
AND REQUESTED THAT THE TEAM BE PREPARED TO DISCUSS
THIS. THE DEVELOPMENT OF AN IMF PACKAGE AND
STABILIZATION PROGRAM WOULD HOWEVER TAKE CONSIDERABLE
TIME; HE HOPED THE USG COULD MOVE MORE RAPIDLY TO
BE OF ASSISTANCE. THE ECONOMY NEEDED URGENT ACTION
AND EARLY HELP FROM ITS FRIENDS IN THIS CRUCIAL
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TRANSITION PERIOD.

9. COMMENT: I AM INFORMED BY MY BRITISH COLLEAGUE THAT HE WAS CALLED IN TO AKUFFO'S OFFICE IMMEDIATELY FOLLOWING MY VISIT. THE HEADOF STATE MADE A SIMILAR APPROACH TO THE BRITISH, SPECIFICALLY ASKIG FOR FOOD ASSISTANCE AND MORE EXPORT CREDIT GUARANTEES IN ADDITION TO THE 10 MILLION POUNDS RECENTLY GRANTED BY THE EXPORT CREDIT GUARANTEE DEPARTMENT (ACCRA 5286). THE BRITISH HIGH COMMISSIONER FEELS IT IS APPARENT THAT THE NEW REGIME IS LOOKING FOR INDICATIONS OF PUBLIC SUPPORT FROM ITS FRINDS AND HE IS RECOMMENDING THAT HMG TRY TO BE HELPFUL.
HOLMES

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOOD ASSISTANCE
Control Number: n/a
Copy: SINGLE
Draft Date: 11 jul 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978ACCRA05555
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780283-0840
Format: TEL
From: ACCRA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780777/aaaacmka.tel
Line Count: 182
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: c8596078-c288-dd11-92da-001cc4696bcc
Office: ACTION AF
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 27 apr 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2059301
Secure: OPEN
Status: NATIVE
Subject: NEW REGIME REQUESTS FOOD ASSISTANCE
TAGS: EAID, GH, US
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/c8596078-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014